



Rheem Water Heaters

101 BELL ROAD • MONTGOMERY, AL 36117-4305 • Phone (334) 260-1500

May 13, 2003

Richard H. Karney, P.E., Manager
ENERGY STAR Program
Building Technologies Program

Dear Mr. Karney,

Thank you for the opportunity to comment on the potential approaches to developing ENERGY STAR criteria for residential water heaters. Rheem is dedicated to providing the best possible water heating solutions to our customers and is eager to participate in the ENERGY STAR program.

After reviewing the ENERGY STAR labeling analysis dated April 4, 2003, our intention is to support Option 1, which includes only "Best-Performing Conventional Water Heating Technologies" and initially excludes advanced water heating technologies.

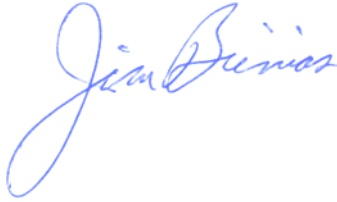
While we encourage the development of advanced technologies (Rheem already offers a full line of solar water heaters), the challenges and limitations of Heat Pump Water Heaters, Solar water heating systems and instantaneous water heaters as outlined in the analysis do not make them a viable option for a considerable percentage of consumers. The higher product and installation costs, lack of supportive infrastructure, and geographic and location limitations of these types of products could either exclude consumers from participating in the program or encourage them to switch fuels in order to do so.

Additionally, we strongly oppose any proposed ENERGY STAR program that would exclude entirely electric resistance storage water heaters. Electric storage water heaters make up nearly 47% of the total U.S. residential water heater market (approximately 9.3 million units in 2002), and have proven reliability, are widely available and are an economically feasible water heating option for the average consumer.

While we support the January 20, 2004 effective date for the ENERGY STAR program, we suggest the final ENERGY STAR water heater criteria be determined sooner than the proposed October 1, 2003 date. This additional time prior to the effective date would provide all water heater manufacturers with a better opportunity to include the ENERGY STAR certification, partnership and promotional marks on products and to communicate their participation in the ENERGY STAR program to distributors, retailers and consumers. Over the next several months, the water heater industry will introduce new water heaters designed to meet the Flammable Vapor Ignition Resistance initiative, utilize a new foam insulation and process, and meet new higher Federal minimum energy factor requirements. Having the ENERGY STAR criteria finalized sooner will help improve the chances for a successful program rollout.

We at Rheem appreciate the opportunity to submit our comments and are eager to work with the DOE to develop the most effective ENERGY STAR program possible. If we can be any assistance please contact us at (334) 260-1555.

Sincerely,

A handwritten signature in blue ink that reads "Jim Bienias". The signature is fluid and cursive, with the first name "Jim" and last name "Bienias" clearly legible.

Jim Bienias
Rheem Water Heaters
Senior Residential Product Manager